

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Business Opportunity Fraud Act of the
State of Washington by:

Vermiculture, Inc., Jeff Owens, their employees
and agents,

Respondents.

SDO - 10 - 00

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-12-0383

THE STATE OF WASHINGTON TO:

Vermiculture, Inc.
Jeff Owens
6000 S. Eastern Avenue, Suite #2D
Green Valley, NV 89119

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Vermiculture, Inc. and Jeff Owens, have violated the Business Opportunity Fraud Act and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

Vermiculture, Inc. ("Vermiculture") is a Nevada corporation with its principal place of business located at 6000 S. Eastern Avenue, Suite #2D, Green Valley, Nevada. Vermiculture is the seller of an opportunity involving the growing of earthworms (the "earthworm opportunity"). Jeff Owens is a representative of Vermiculture.

SUMMARY ORDER TO CEASE AND DESIST

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Vermiculture, Inc.

**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
(360) 902-8760**

II.

Beginning in at least September, 1999, Respondents placed, or caused to be placed, a newspaper advertisement in the Columbian published in Vancouver, Washington. Substantially similar advertisements were later placed in at least the months of October and November, 1999, in such other Washington newspapers as the Eastside Journal published in Bellevue, the Yakima Herald-Republic published in Yakima, and the Everett Herald published in Everett. The advertisements stated substantially the following: "RAISE EARTHWORMS! \$1,000 per day potential..." On December 3, 1999, an investigator with the Securities Division posing as a prospective Washington purchaser of the earthworm opportunity called the telephone number that appeared in one such advertisement and spoke to an individual who identified himself as Jeff Owens ("Owens"). Owens indicated that the name of the company responsible for the advertisement was Vermiculture, Inc. located in Nevada. Owens explained that there were three plans or levels offered to prospective worm growers priced at \$5,000, \$10,000, and \$25,000. Owens noted that whatever plan was selected, it would take a grower three months to grow sufficient worms to sell back a quantity to the company according to a buy-back contract. Owens mentioned that the going price per pound of worms was \$6.00. In a subsequent telephone conversation with the investigator on December 6, 1999, Owens did mention that worms were a commodity and that the buy back price could vary from \$4.00 to \$8.00 per pound. He also mentioned that Vermiculture could not guarantee earnings. The investigator requested and subsequently received by facsimile transmission from Owens and Vermiculture, Inc. informational materials regarding the earthworm opportunity. The materials included an "Earthworm Fact Sheet" describing life span, reproduction, living conditions, and space requirements for earthworms and a description of the three plans or "programs" offered by Vermiculture, Inc. The programs included 30,000, 75,000, or 300,000 breeder worms, growing instructions, telephone support services, and shipping and were priced at \$5,000, \$10,000, and \$25,000, respectively. The materials also included a "Growers Contract" to be signed by a purchaser of the opportunity that included the following "Buy Back Policy":

1 As per the terms stated in grower program #_____. Seller will purchase worms from Buyer at
2 the price of \$6.00 (six dollars US) per pound for the term of this contract. However, as in the case
3 of all commodities, international markets fluctuate, and therefor our prices may change at any
time without notice to purchaser. Any agreed buy back is contingent upon live delivery of
product to Seller...

4 Vermiculture, Inc. and Jeff Owens failed to provide to the Securities Division investigator posing
5 as a prospective Washington purchaser of the earthworm opportunity a disclosure document containing
6 complete material information regarding the opportunity, including but not limited to a financial statement
7 for Vermiculture, Inc., and failed to disclose that purchasers had a statutory right to rescind the purchase
8 within seven days of signing a contract.

9 III.

10 Vermiculture, Inc. is not currently registered with the Washington Securities Division to offer or
11 sell business opportunities in the state of Washington and has not previously been so registered.

12 It is in the public interest that the offer and/or sale of the above-described earthworm opportunity
13 in violation of the Washington Business Opportunity Fraud Act cease.

14 An emergency exists in that further sales of the business opportunity described above would be
15 hazardous to investors and the public of this state.

16 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

17 CONCLUSIONS OF LAW

18 I.

19 The offer and/or sale of the earthworm opportunity described in Tentative Finding of Fact
20 I and II constitutes the offer and/or sale of a business opportunity as defined in RCW 19.110.020(1).
21

22 II.

23 The offer and/or sale of the earthworm business opportunity as described in Tentative Findings of
24 Fact I and II was made in violation of RCW 19.110.070 and RCW 19.110.120 because Respondents and
their employees and/or agents failed to provide to a Washington offeree a disclosure document containing

1 complete material information regarding the earthworm opportunity, including but not limited to a
2 financial statement for Vermiculture, Inc.,

3 III.

4 The offer and/or sale of the earthworm business opportunity as described in Tentative Findings of
5 Fact I and II was made in violation of RCW 19.110.110 because Respondents and their employees and/or
6 agents failed to disclose that purchasers had a statutory right to cancel a purchase within seven days of
7 signing a contract.

8 IV.

9 The offer and/or sale of the earthworm business opportunity as described in Tentative Findings of
10 Fact I through III was made in violation of RCW 19.110.050(1) because no business opportunity
11 registration has been made nor a permit issued to Respondents for the offer and/or sale of the business
12 opportunity in this state.

13 The Securities Administrator finds that this action is necessary and appropriate in the public
14 interest and for the protection of investors and that the public safety and welfare require emergency
15 action.

16 SUMMARY ORDER

17 Based on the premises of the foregoing,

18 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Vermiculture, Inc., Jeff Owens,
19 their employees and agents, each cease and desist from violations of RCW 19.110.070 and RCW
20 19.110.120, the disclosure document requirement and antifraud provisions of the Business Opportunity
21 Fraud Act, respectively.

22 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Vermiculture, Inc., Jeff Owens,
23 their employees and agents, each cease and desist from violations of RCW 19.110.110, the provision of
24 the Business Opportunity Fraud Act which requires disclosure of a cancellation period of a business
opportunity contract.

1 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Vermiculture, Inc., Jeff Owens,
2 their employees and agents, each cease and desist from violations of RCW 19.110.050(1), the registration
3 requirement provision of the Business Opportunity Fraud Act.

4 AUTHORITY AND PROCEDURE

5 This Summary Order is entered pursuant to the provisions of RCW 19.110.150 and chapter 34.05
6 RCW. The Respondents may each make a written request for hearing as set forth in the Notice of
7 Opportunity to Defend and Opportunity for Hearing accompanying this order. A request for a hearing
8 should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial
9 Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Brad Ferber. If a
10 Respondent does not request a hearing as set forth in the Notice of Opportunity to Defend and
11 Opportunity for Hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and
12 Conclusions of Law as final and make this Summary Order to Cease and Desist permanent as to such
13 Respondent.

14 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

15
16 Dated this _____ day of _____, 2000.

17
18 _____
19 Deborah R. Bortner
20 Securities Administrator

21 Presented by: _____
22 Brad Ferber
23 Securities Examiner

24 Approved by: _____
Michael E. Stevenson
Chief of Compliance

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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Whether there has been a violation
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Respondents.

SDO - 10A - 00

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

Case No. 99-12-0383

THE STATE OF WASHINGTON TO:

Vermiculture, Inc.
Jeff Owens
6000 S. East Avenue, Suite #2D
Green Valley, NV 89119

YOU ARE HEREBY NOTIFIED that a Summary Order To Cease And Desist has been filed by the
Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the
Washington State Department of Financial Institutions on the Summary Order. Service of this notice is deemed
complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE
DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU
RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing
at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as
informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW).
The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the
Summary Order is concerned. Technical rules of evidence will not be binding at the hearing except for the rules
of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to
cross-examine those witnesses presented in support of the Summary Order. You may require the attendance of

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

Vermiculture, Inc.

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**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
(360) 902-8760**

witnesses by subpoena. If you are limited English- speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.

INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative Hearing form.

YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will constitute a waiver of your right to a hearing and the director will find that you do not contest the allegations of the Summary Order. Upon such a finding by the director a final order will be immediately entered disposing of this matter and ordering you to cease and desist as described in the Summary Order. If you desire a hearing in this matter, please return the attached Application for Adjudicative Hearing to:

Washington State Department of Financial Institutions
Securities Division
Attn: Brad Ferber
Post Office Box 9033
Olympia, Washington 98507-9033

Dated this _____ day of _____, 2000.

Deborah R. Bortner
Securities Administrator

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SDO - 10B(1) - 00

APPLICATION FOR ADJUDICATIVE
HEARING

Case No. 99-12-0383

THE STATE OF WASHINGTON TO:

Vermiculture, Inc.
6000 S. Eastern Avenue, Suite #2D
Green Valley, NV 89119

If you wish to contest the Summary Order To Cease And Desist and have an adjudicative hearing, you must sign, date, and return this form within twenty (20) days of the date you received it, to:

Washington State Department of Financial Institutions
Securities Division
Attn: Brad Ferber
P. O. Box 9033
Olympia, Washington 98507-9033

FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN ADJUDICATIVE HEARING AND WILL RESULT IN THE INFORMAL DISPOSITION OF YOUR CASE AS AUTHORIZED BY RCW 34.05.440. In that case the Director may proceed to resolve this matter without further notice or hearing. In such a case, the Director will immediately enter an appropriate order in disposition of the Summary Order, to include prohibition against your engaging in certain business practices as described in the Summary Order.

INSTRUCTIONS: Circle your desired responses to items I, II, and III below.

APPLICATION FOR ADJUDICATIVE HEARING 1

Vermiculture, Inc.

**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
(360) 902-8760**

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I.

I [REQUEST] [DO NOT REQUEST] a formal hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name and address are:

III.

I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness's(es'), primary language is _____
_____(identify language). My, or my witness's(es'), hearing impaired status is _____
_____(identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

IV.

You have the right: To demand a hearing; to be represented by an attorney at your own expense; to subpoena witnesses to the hearing or subpoena the production of books or documents and to otherwise defend against the Summary Order.

WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS RECEIVED BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOU RECEIVED THE SUMMARY ORDER TO CEASE AND DESIST WILL RESULT IN THE DISPOSITION OF THIS CASE AS AUTHORIZED BY RCW 34.05.440.

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Dated this _____ day of _____, 2000.

Vermiculture, Inc., by:

Signature:

Print Name and Title

Address (if facing page is incorrect):

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SDO - 10B(2) - 00

APPLICATION FOR ADJUDICATIVE
HEARING

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6000 S. Eastern Avenue, Suite #2D
Green Valley, NV 89119

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Washington State Department of Financial Institutions
Securities Division
Attn: Brad Ferber
P. O. Box 9033
Olympia, Washington 98507-9033

FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN ADJUDICATIVE HEARING AND WILL RESULT IN THE INFORMAL DISPOSITION OF YOUR CASE AS AUTHORIZED BY RCW 34.05.440. In that case the Director may proceed to resolve this matter without further notice or hearing. In such a case, the Director will immediately enter an appropriate order in disposition of the Summary Order, to include prohibition against your engaging in certain business practices as described in the Summary Order.

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Vermiculture, Inc.

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_____(identify language). My, or my witness's(es'), hearing impaired status is _____
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Dated this _____ day of _____, 2000.

Jeff Owens, as a representative of Vermiculture, Inc., and individually:

Signature

If an officer, director, manager, or other titled representative of Vermiculture, Inc., please so indicate:

Address (if facing page is incorrect):
